

WILLIAM A. MUNDELL
CHAIRMAN
JIM IRVIN
COMMISSIONER

MARC SPITZER
COMMISSIONER



0000121568

06
ORIGINAL

BRIAN C. McNEIL
EXECUTIVE SECRETARY

RECEIVED
Direct Line: 602-542-3935
Fax: 602-542-0752
E-mail: WMUNDELL@CC.STATE.AZ.US

ARIZONA CORPORATION COMMISSION

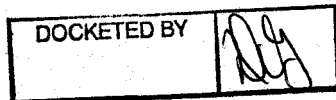
2001 JAN 22 A 9:53

Arizona Corporation Commission 19, 2001

DOCKET

AZ CORP COMMISSION
DOCUMENT CONTROL

JAN 22 2001



0000094-0165

Commissioner Irvin
Arizona Corporation Commission
1200 West Washington
Phoenix, AZ 85007

Re: Energy Workshops

Dear Commissioner Irvin:

As you know, I expressed my wholehearted support for Energy Workshops at the Open Meeting on January 10, 2001. I gained valuable insight from participating in an Energy Workshop held last May. Hearing the utilities' and our staff's forecasts of last summer's expected demand and available supply sources and a explanation of transmission realities and crisis-averting strategies was most helpful as were the discussions concerning longer term trends.

This year's Energy Workshops should include consumers, small business owners, generators and other interested parties. I believe we should be proactive and not reactive, to avoid a crisis such as is occurring in California. Vigilant oversight and monitoring of transmission and supply for the benefit of Arizona consumers and businesses is a shared concern of all of us. The summer peak demand cycle for our state makes it imperative that the first workshop take place in the immediate future.

Programs such as Energy Workshops and continued demand reduction efforts including consumer education and outreach will form the cornerstone of our Commission's commitment to keep Arizonans informed of the realities of our state's energy dynamics. Programs that help communicate and educate should encourage our energy users to make the best use of this valuable and indispensable utility service and minimize fears that a California like crisis is inevitable.

It was my understanding, based on your comments at the open staff meeting, that you agreed that the Commission should first obtain information from the February Energy Workshop and then receive our staff's comprehensive briefing on deregulation before considering any other action including any possible adjustments to the electric

January 19, 2001

Page 2

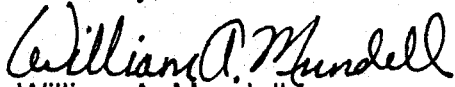
deregulation rules. I believe our Commission's bottom line objective must be to insure affordable and reliable energy supplies for Arizona consumers and businesses.

Regarding the Commission's existing electric deregulation rules, you stated in Sunday's *Republic* that you believe that changes in the deregulation rules should be made. Increasing the shopping credits and extending the rate caps were two rule changes referenced in Sunday's business section article. Are there other rules you believe should be reviewed? If so, please identify them so they can be part of a comprehensive review.

With respect to the February Energy Workshop, I expect that you and Commissioner Spitzer share my interest in developing an agenda primarily focused on preparedness for the peak demand season including supplies, transmission capabilities, and contingency planning for this summer and the summer of 2002. By copy of this letter, I am seeking input from yourself and from Commissioner Spitzer to include any other specific agenda items for the February Energy Workshop. Accompanying this letter please find my draft agendas for the February, March and April/May Workshops.

I look forward to working with you and Commissioner Spitzer and our Commission staff to protect the energy interests of Arizona consumers and businesses.

Sincerely,

A handwritten signature in cursive script that reads "William A. Mundell".

William A. Mundell
Chairman

cc: Commissioner Marc Spitzer
Enclosure: draft agendas

WILLIAM MUNDELL, CHAIRMAN

ELECTRIC WORKSHOPS

PROPOSED AGENDAS

Februray 2001

Summer Preparedness 2001 and 2002

Supplies and transmission capabilities, contingency planning (including worst case scenarios) for Arizona Electricity Providers to Serve their Customers:

APS
TEP
Citizens
Cooperatives
SRP

March 2001

New Generation and Transmission

Generation

When will each of the approved new plants and expanisons be "on line"

Natural gas supplies and prices forecast

Transmission

Comprehensive Review of the Central Arizona Transmission Study (CATS)

April/ May 2001

(Post staff/Commissioners briefings)

Have we as a Commission done all we can to avoid the

California Supply and Price chaos and crisis from occurring here. ?

Any adjustments worthy of consideration to our competition rules

Generation Divestiture Status